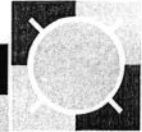


Accounting & Consulting Group, LLP

Certified Public Accountants



STATE OF TEXAS
PARMER COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

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INTRODUCTORY SECTION

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STATE OF TEXAS
Parmer County
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December 31, 2012

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STATE OF TEXAS
Parmer County
Official Roster
December 31, 2012

<u>Name</u>	<u>Elected Officials</u>	<u>Title</u>
Kirk Frye		Precinct 1 - Commissioner
James Clayton		Precinct 2 - Commissioner
Ronald Byrd		Precinct 3 - Commissioner
Lloyd Bradshaw		Precinct 4 - Commissioner
Trey Ellis		County Judge
Altha Herington		Treasurer
Colleen Stover		County Clerk
Bobbie Pierson		Tax Assessor/Collector
Randy Geries		Sheriff
Pam Haseloff		JP Farwell
Sandra Clayton		JP Bovina
Jo Beth Gibson		JP Friona
Jeff Actkinson		County Attorney
Sandra Warren		District Clerk

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FINANCIAL SECTION

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Pratas, Smith & Moore, LLC

A member of Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge and
Members of the Commissioners' Court
Parmer County
Farwell, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and the Road and Bridge Fund of Parmer County, Texas (the County), as of and for the year ended December 31, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Parmer County, as of December 31, 2012, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 18 and be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial position in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Parmer County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Pratas, Smith & Moore, LLC
A member of Accounting & Consulting Group, LLP
Lubbock, Texas
June 21, 2013

STATE OF TEXAS
Parmer County
Management's Discussion and Analysis
December 31, 2012

As management of Parmer County (the County), we offer readers of Parmer County financial statements this narrative overview and analysis of the financial activities of Parmer County for the calendar year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with the financial statements of Parmer County and additional information provided.

Financial Highlights

- The assets of Parmer County exceeded its liabilities at the close of the most recent calendar year by \$9,057,702 (net assets). Of this amount, \$4,597,061 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors. The County's net assets that are restricted for debt service and special revenue funds is \$1,542,737. The County's net assets invested in capital assets, net of related debt are \$2,917,904.
- Change in net assets for the year end was a decrease of \$116,469. The decrease is primarily due to a decrease in charges for services and an increase in expenses.
- At the end of the current calendar year, unassigned fund balance for the general fund was \$2,179,944 or 75 percent of total general fund expenditures.
- The County's total debt outstanding at December 31, 2012 is \$2,982,471.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Parmer County's basic financial statements. Parmer County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Parmer County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Parmer County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Parmer County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent calendar year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future calendar periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of Parmer County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs. The governmental activities of Parmer County include general government, judicial and legal, financial administration, law enforcement, building maintenance, public service, conservation, and road and bridge.

The government-wide financial statements can be found at Exhibits A-1 and A-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Parmer County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Parmer County can be divided into two categories: governmental funds and fiduciary funds.

STATE OF TEXAS
Parmer County
Management's Discussion and Analysis
December 31, 2012

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the calendar year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Parmer County has two governmental fund types which are the general fund and special revenue funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the general fund, the road and bridge fund, the debt service fund, which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Parmer County adopts an annual appropriated budget for its general fund, road and bridge fund, various other special revenue funds. A budgetary comparison statement has been provided for the general fund, the road and bridge fund and the debt service fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found at Exhibits B-1 and B-2 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Parmer County's own programs.

The basic fiduciary fund financial statement can be found at Exhibit D-1 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 through 48 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 53 through 63 of this report.

STATE OF TEXAS
Parmer County
Management's Discussion and Analysis
December 31, 2012

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Parmer County, assets exceeded liabilities by \$9,057,702 at the close of the most recent calendar year. The County had expenditures that exceeded revenues during the year in the amount of \$116,469 which decreased net assets in the current year.

Parmer County's net assets reflects its investment in capital assets (e.g., land, buildings, other improvements, and furniture and equipment) less any related debt used to acquire those assets that is still outstanding. This net asset category of \$2,917,904 reflects that Parmer County has more net cost value than debt related to its capital assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Parmer County's Net Assets
December 31, 2012

	Governmental Activities	
	2012	2011
Current and other assets	\$ 6,468,786	\$ 6,511,562
Capital assets	5,330,359	5,680,433
Total assets	\$ 11,799,145	\$ 12,191,995
Current liabilities	\$ 633,657	\$ 697,824
Noncurrent liabilities	2,262,834	2,424,940
Total liabilities	\$ 2,896,491	\$ 3,122,764
Net assets:		
Invested in capital assets, net of related debt	2,917,904	2,943,766
Restricted for:		
Debt service	187,784	75,006
Records management	104,940	102,250
Other purposes - special revenue	1,250,013	116,975
Unrestricted	4,597,061	5,831,234
Total net assets	\$ 9,057,702	\$ 9,069,231

STATE OF TEXAS
Parmer County
Management's Discussion and Analysis
December 31, 2012

Changes in Net Assets

The County's total revenues of \$4,600,337 and expenses of \$4,716,806 resulted in a change in net assets of (\$116,469). Comparative information for changes in net assets is shown below.

Parmer County's Change in Net Assets
December 31, 2012

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Revenues:		
Program revenues:		
Charges for services	\$ 917,368	\$ 1,022,394
Operating grants and contributions	88,931	87,797
General revenues:		
Property and other taxes	3,265,129	3,097,851
Fines and forfeitures	152,787	168,304
Interest income	49,487	39,081
Miscellaneous income	117,073	68,134
Gain (Loss) on disposal of assets	9,562	271,567
Total revenues	<u>4,600,337</u>	<u>4,755,128</u>
Expenses:		
General government	1,004,234	980,380
Judicial	489,321	471,995
Legal	250,937	241,200
Public safety	1,318,713	1,282,036
Health and welfare	97,752	92,894
Road and bridge	1,436,730	1,516,649
Interest on long-term debt	119,119	124,629
Total expenditures	<u>4,716,806</u>	<u>4,709,783</u>
Increase in net assets	(116,469)	45,345
Net assets - beginning	9,069,231	9,023,886
Net assets - restatement (Note 14)	104,940	-
Net assets - as restated	<u>9,174,171</u>	<u>9,023,886</u>
Net assets - ending	<u>\$ 9,057,702</u>	<u>\$ 9,069,231</u>

STATE OF TEXAS
Parmer County
Management's Discussion and Analysis
December 31, 2012

Financial Analysis of the Government's Funds

As noted earlier, Parmer County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of Parmer County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Parmer County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the calendar year.

As of the end of the current calendar year, Parmer County's governmental funds reported combined ending fund balances of \$3,722,681, a decrease of \$4,973 in comparison with the prior year. Approximately 59 percent of this total amount, \$2,179,944, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *restricted* for special revenue purposes to indicate that it is not available for new spending.

The general fund is the chief operating fund of the County. The unreserved fund balance represents 75% of the total general fund expenditures or approximately 9 months of operating equity.

Budgetary Highlights

The final budget for the General fund reflected a deficit of \$614,796 which decreased the fund balance. Budget amendments to expenditures were made during the year within the general fund departments. The actual expenditures were \$177,455 less than the final budgeted amounts, and actual revenues were \$35,271 more than the final budgeted amounts. This resulted in a favorable budget variance of \$212,726.

In the Road and Bridge combined fund, the final budget reflected a deficit of \$184,695 which decreased the fund balance. The actual expenditures were \$189,732 less than the final budgeted amounts and actual revenues were \$123,097 less than the final budgeted amounts. This resulted in a favorable budget variance of \$66,635.

In the Debt Service fund, the final budget reflected a deficit of \$2,106 which decreased the fund balance. The actual expenditures were \$3,458 less than the final budgeted amounts. The actual revenues were \$5,243 more than the final budgeted amounts. This resulted in a favorable budget variance of \$8,701.

Capital Asset and Debt Administration

Capital Assets

Parmer County's investment in capital assets for its governmental activities as of December 31, 2012, amounts to \$5,330,359 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and vehicles. The table below shows the summarized capital assets of Parmer County as of December 31, 2012 and December 31, 2011.

STATE OF TEXAS
Parmer County
Management's Discussion and Analysis
December 31, 2012

Parmer County's Capital Assets
December 31, 2012

	Governmental Activities	
	2012	2011
Land	\$ 43,472	\$ 43,472
Buildings and improvements	2,981,299	3,077,757
Machinery and equipment	2,305,588	2,559,204
Total	\$ 5,330,359	\$ 5,680,433

Additional information on Parmer County's capital assets can be found in Note 5 on page 42 of this report.

Long-Term Debt

- **Certificates of Obligation.** At the end of the current calendar year, the County had outstanding certificates of obligation of \$2,230,000.
- **Notes Payable.** The County's note payables at December 31, 2012 were \$251,773.

Economic Factor and Next Year's Budgets and Rates

- The property tax rate was set at .4477 for maintenance and operations and at .0305 for debt service, for a total tax rate of .4782.
- The unemployment rate for Parmer County was 4.5 percent for calendar year 2012. This compares favorably to the state's average unemployment rate of 6.2 percent and the national average rate of 7.8 percent.
- The agricultural economy in the region is stable; however, the area is continuing to experience severe drought conditions.
- No new major projects are planned for the County in the coming year.

All of these factors were considered in preparing Parmer County's budget for the 2012 calendar year.

Request for Information

This financial report is designed to provide a general overview of Parmer County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Treasurer, Parmer County, P.O. Box 454, Farwell, TX 79325.

UNITED STATES
SECURITIES AND
EXCHANGE COMMISSION

**BASIC
FINANCIAL STATEMENTS**

STATE OF TEXAS
Parmer County
Statement of Net Assets
December 31, 2012

Exhibit A-1

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 3,680,128
Receivables:	
Property taxes, net of allowance	2,367,712
Fines and forfeitures, net of allowance	325,555
Total current assets	6,373,395
Noncurrent assets	
Restricted cash and cash equivalents	95,391
Bond issuance costs, net of accumulated amortization of \$12,709	155,048
Capital assets	8,832,041
Less: accumulated depreciation	(3,501,682)
Total noncurrent assets	5,580,798
Total assets	\$ 11,954,193
Liabilities	
Current liabilities	
Accounts payable	\$ 69,670
Accrued interest	45,503
Due to others	213,815
Current portion of notes and capital leases payable	129,669
Current portion of certificates of obligation payable	175,000
Total current liabilities	633,657
Noncurrent liabilities	
Notes and capital leases	122,104
Certificates of obligation	2,055,000
Bond Premium, net of accumulated amortization of \$7,027	85,730
Total noncurrent liabilities	2,262,834
Total liabilities	2,896,491
Net assets	
Invested in capital assets, net of related debt	2,917,904
Restricted for:	
Debt service	187,784
Records management	104,940
Other purposes - special revenue	1,250,013
Unrestricted	4,597,061
Total net assets	9,057,702
Total liabilities and net assets	\$ 11,954,193

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
 Parmer County
 Statement of Activities
 For the Year Ended December 31, 2012

Exhibit A-2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Primary government				
General government	\$ 1,004,234	\$ 6,455	\$ 5,000	\$ (992,779)
Judicial	489,321	312,630	41,297	(135,394)
Legal	250,937	43,373	-	(207,564)
Public safety	1,318,713	54,380	11,923	(1,252,410)
Health and welfare	97,752	-	-	(97,752)
Road and bridge	1,436,730	500,530	30,711	(905,489)
Interest on long-term debt	119,119	-	-	(119,119)
Total governmental activities	\$ 4,716,806	\$ 917,368	\$ 88,931	\$ (3,710,507)

General revenues:

Taxes:

Property	3,265,129
Fines and forfeitures	152,787
Interest income	49,487
Miscellaneous income	117,073
Gain (loss) on disposal of capital assets	9,562

Total general revenues 3,594,038

Change in net assets (116,469)

Net assets - beginning 9,069,231

Net assets - restatement (Note 14) 104,940

Net assets - as restated 9,174,171

Net assets - ending \$ 9,057,702

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
Parmer County
Balance Sheet
Governmental Funds
December 31, 2012

Exhibit B-1
Page 1 of 2

	General Fund	Road and Bridge Fund	County Wide Debt Service Fund	Nonmajor Governmental Funds	Total
<i>Assets</i>					
Cash and cash equivalents	\$ 2,295,121	\$ 798,661	\$ 187,784	\$ 493,953	\$ 3,775,519
Receivables:					
Property taxes, net of allowance for doubtful accounts	1,679,775	463,184	224,753	-	2,367,712
Fines and forfeitures, net of allowance for doubtful accounts	325,555	-	-	-	325,555
<i>Total assets</i>	<u>\$ 4,300,451</u>	<u>\$ 1,261,845</u>	<u>\$ 412,537</u>	<u>\$ 493,953</u>	<u>\$ 6,468,786</u>
<i>Liabilities and fund balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ 25,207	\$ 2,700	\$ -	\$ 41,763	\$ 69,670
Due to other governmental agencies	213,815	-	-	-	213,815
Deferred revenue - property taxes	1,672,051	461,322	224,753	-	2,358,126
Deferred revenue - fines and forfeitures	104,494	-	-	-	104,494
<i>Total liabilities</i>	<u>2,015,567</u>	<u>464,022</u>	<u>224,753</u>	<u>41,763</u>	<u>2,746,105</u>
<i>Fund balances</i>					
<i>Spendable</i>					
<i>Restricted for:</i>					
General county operations	-	-	-	74,211	74,211
Records management	104,940	-	-	-	104,940
Maintenance of roads	-	797,823	-	166,357	964,180
Judicial	-	-	-	169,847	169,847
Public safety	-	-	-	41,775	41,775
Debt service expenditures	-	-	187,784	-	187,784
Unassigned	2,179,944	-	-	-	2,179,944
<i>Total fund balances</i>	<u>2,284,884</u>	<u>797,823</u>	<u>187,784</u>	<u>452,190</u>	<u>3,722,681</u>
<i>Total liabilities and fund balances</i>	<u>\$ 4,300,451</u>	<u>\$ 1,261,845</u>	<u>\$ 412,537</u>	<u>\$ 493,953</u>	<u>\$ 6,468,786</u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
Parmer County
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Assets
December 31, 2012

Exhibit B-1
Page 2 of 2

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund balances - total governmental funds	\$ 3,722,681
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	5,330,359
Other noncurrent assets are not available to pay for current period expenditures and therefore, are deferred in the funds:	
Bond issuance costs, net	155,048
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	2,358,126
Fines and forfeitures not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	104,494
Other liabilities are not due and payable in the current period and therefore, not reported in the funds:	
Bond premium, net	(85,730)
Certain liabilities, including bonds payable, and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest payable	(45,503)
Certificates of obligation	(2,230,000)
Loans and capital leases	(251,773)
Net assets - governmental activities	\$ 9,057,702

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
Parmer County
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

Exhibit B-2
Page 1 of 2

	General Fund	Road and Bridge Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Revenues:					
Taxes:					
Property	\$ 2,509,362	\$ 751,032	\$ 322,936	\$ 428,278	\$ 4,011,608
Intergovernmental:					
State operating grants	58,220	30,711	-	-	88,931
Fines, forfeitures and settlements	-	-	-	152,787	152,787
Licenses and permits	22,761	496,755	-	-	519,516
Charges for services	381,486	3,775	-	-	385,261
Investment income	26,486	9,095	8,360	5,546	49,487
Miscellaneous	44,859	69,058	-	3,156	117,073
Total revenue	3,043,174	1,360,426	331,296	589,767	5,324,663
Expenditures:					
Current:					
General government	823,584	-	-	-	823,584
Judicial	477,793	-	-	157,840	635,633
Legal	250,937	-	-	-	250,937
Public safety	1,168,859	-	-	723	1,169,582
Health and welfare	97,752	-	-	-	97,752
Road and bridge	-	1,099,408	-	-	1,099,408
Capital outlay	108,370	44,000	-	39,985	192,355
Debt service:					
Principal	-	184,894	145,000	-	329,894
Interest	-	17,541	102,348	-	119,889
Administration fee	-	-	500	-	500
Total expenditures	2,927,295	1,345,843	247,848	198,548	4,719,534
Excess (deficiency) of revenues over expenditures	115,879	14,583	83,448	391,219	605,129
Other financing sources (uses)					
Proceeds from long term debt	-	-	2,080,000	-	2,080,000
Bond premium	-	-	92,757	-	92,757
Payment to refunded bond escrow agent	-	-	(2,005,000)	-	(2,005,000)
Bond issuance costs	-	-	(167,757)	-	(167,757)
Proceeds from sale of equipment	24,200	-	-	7,500	31,700
Transfers in	275,000	120,000	-	-	395,000
Transfers (out)	-	-	-	(395,000)	(395,000)
Total other financing sources (uses)	299,200	120,000	-	(387,500)	31,700
Net change in fund balances	415,079	134,583	83,448	3,719	636,829
Fund balances - beginning of year	1,764,865	663,240	104,336	448,471	2,980,912
Fund balance - restatement (Note 14)	104,940	-	-	-	104,940
Fund balance - beginning, as adjusted	1,869,805	663,240	104,336	448,471	3,085,852
Fund balances - end of year	\$ 2,284,884	\$ 797,823	\$ 187,784	\$ 452,190	\$ 3,722,681

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
Parmer County
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2012

Exhibit B-2
Page 2 of 2

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$ 636,829
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital expenditures	192,355
Depreciation expense	(520,291)
Gain (Loss) on disposal of capital assets	9,562
Proceeds from sale of assets	(31,700)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:	
Change in deferred revenue related to property taxes receivable	(746,479)
Change in deferred revenue related to fines and forfeitures receivable	12,591
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets	
Refunding Bonds Payable	(2,080,000)
Refunded Bonds Payable are reported as other financing uses in governmental funds, but as decreases to long-term liabilities in the Statement of Net Assets	
	2,005,000
The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:	
Decrease in accrued interest payable	6,452
Bond reissue premium capitalized	(92,757)
Current year amortization of bond premium	7,027
Bond issuance costs capitalized	167,757
Amortization of bond issuance costs	(12,709)
Loan proceeds	-
Principal payments on certificates of obligation	145,000
Principal payments on notes and leases payable	184,894
Change in net assets of governmental activities	<u>\$ (116,469)</u>

The accompanying notes are an integral part of these financial statements

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STATE OF TEXAS

Exhibit C-1

Parmer County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
Taxes				
Property	\$ 1,858,386	\$ 1,858,386	\$ 1,964,337	\$ 105,951
Intergovernmental income:				
State operating grants	61,550	61,550	61,354	(196)
Fines, forfeitures and settlements	30,000	30,000	23,653	(6,347)
Charges for services	487,800	487,800	388,104	(99,696)
Investment income	25,350	25,350	26,053	703
Miscellaneous	10,000	10,000	44,856	34,856
Total revenues	2,473,086	2,473,086	2,508,357	35,271
Expenditures:				
Current:				
General administration	880,915	884,664	798,408	86,256
Judicial	486,561	486,759	477,061	9,698
Financial administration	256,386	257,385	250,394	6,991
Public safety	1,192,685	1,192,685	1,137,654	55,031
Conservation	99,389	101,556	98,033	3,523
Capital outlay	167,000	164,833	148,877	15,956
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	3,082,936	3,087,882	2,910,427	177,455
Excess (deficiency) of revenues over expenditures	(609,850)	(614,796)	(402,070)	212,726
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	374,850	379,796	-	(379,796)
Transfers in	235,000	235,000	275,000	40,000
Transfers (out)	-	-	-	-
Total other financing sources (uses)	609,850	614,796	275,000	(339,796)
Net change in fund balance	-	-	(127,070)	(127,070)
Fund balance - beginning of year	-	-	2,422,191	2,422,191
Fund balance - end of year	\$ -	\$ -	\$ 2,295,121	\$ 2,295,121
Net change in fund balance (non-GAAP budgetary basis)				\$ (127,070)
Adjustments to revenues for receivables and trade in values of assets				559,017
Adjustments to expenditures for accruals and accounts payable				(16,868)
Net change in fund balance (GAAP)				\$ 415,079

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
Parmer County
Road & Bridge Combined Special Revenue Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2012

Exhibit C-2
Page 1 of 2

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
Taxes:				
Property	\$ 610,004	\$ 610,004	\$ 620,228	\$ 10,224
Fines, forfeitures and settlements	-	-	-	-
Licenses and permits	645,000	645,000	497,395	(147,605)
Charges for services	20,000	20,000	3,775	(16,225)
Investment income	10,100	10,100	8,551	(1,549)
Miscellaneous	37,000	37,000	69,058	32,058
Total revenues	1,322,104	1,322,104	1,199,007	(123,097)
Expenditures:				
Precinct #1				
Salaries and fringe benefits	195,602	195,602	192,445	3,157
Insurance	17,350	17,350	13,667	3,683
Materials and supplies	13,000	13,000	16,819	(3,819)
Fuel	35,000	35,000	36,716	(1,716)
Conference	3,000	3,000	3,992	(992)
Other	4,850	4,850	2,705	2,145
Total Precinct #1	268,802	268,802	266,344	2,458
Precinct #2				
Salaries and fringe benefits	187,327	187,327	170,203	17,124
Insurance	16,650	16,650	13,907	2,743
Materials and supplies	16,000	16,000	15,070	930
Fuel	35,000	35,000	28,973	6,027
Conference	3,000	3,000	2,726	274
Other	4,530	4,530	2,501	2,029
Total Precinct #2	262,507	262,507	233,380	29,127
Precinct #3				
Salaries and fringe benefits	193,957	193,957	190,845	3,112
Insurance	19,050	19,050	17,797	1,253
Materials and supplies	20,000	20,000	21,012	(1,012)
Fuel	43,000	43,000	36,937	6,063
Conference	3,000	3,000	3,815	(815)
Other	6,020	6,020	3,425	2,595
Total Precinct #3	285,027	285,027	273,831	11,196
Precinct #4				
Salaries and fringe benefits	195,453	195,453	189,467	5,986
Insurance	17,050	17,050	14,347	2,703
Materials and supplies	10,000	10,000	11,101	(1,101)
Fuel	40,000	40,000	35,931	4,069
Conference	3,000	3,000	1,747	1,253
Other	4,960	4,960	2,748	2,212
Total Precinct #4	270,463	270,463	255,341	15,122

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
Parmer County
Road & Bridge Combined Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2012

Exhibit C-2
Page 2 of 2

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable
				Final to Actual
Capital outlay				
Precinct #1	90,000	90,000	13,984	76,016
Precinct #2	90,000	90,000	10,563	79,437
Precinct #3	140,000	140,000	47,663	92,337
Precinct #4	100,000	100,000	13,527	86,473
<i>Total capital outlay</i>	<u>420,000</u>	<u>420,000</u>	<u>85,737</u>	<u>334,263</u>
Debt service:				
Precinct #1:				
Principal	-	-	60,788	(60,788)
Interest	-	-	3,718	(3,718)
Precinct #2:				
Principal	-	-	56,989	(56,989)
Interest	-	-	4,834	(4,834)
Precinct #3:				
Principal	-	-	54,657	(54,657)
Interest	-	-	8,068	(8,068)
Precinct #4:				
Principal	-	-	12,460	(12,460)
Interest	-	-	921	(921)
<i>Total debt service</i>	<u>-</u>	<u>-</u>	<u>202,435</u>	<u>(202,435)</u>
<i>Total expenditures</i>	<u>1,506,799</u>	<u>1,506,799</u>	<u>1,317,067</u>	<u>189,732</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(184,695)</u>	<u>(184,695)</u>	<u>(118,061)</u>	<u>66,635</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	64,695	64,695	-	(64,695)
Transfers in	120,000	120,000	120,000	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>184,695</u>	<u>184,695</u>	<u>120,000</u>	<u>(64,695)</u>
<i>Net change in fund balance</i>	-	-	1,939	1,939
<i>Fund balance - beginning of year</i>	-	-	796,722	796,722
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 798,661</u>	<u>\$ 798,661</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 1,939
Adjustments to revenues for accrued property taxes and accounts receivable				130,708
Adjustments to expenditures for accruals and accounts payable				1,935
Net change in fund balance (GAAP)				<u>\$ 134,583</u>

The accompanying notes are an integral part of these financial statements

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STATE OF TEXAS
 Parmer County
 Statement of Fiduciary Assets and Liabilities
 Agency Funds
 December 31, 2012

Exhibit D-1

	Juvenile Probation Fund	County Attorney Check Collection	District Attorney Check Collection	County Attorney Forfeiture Fund	District Attorney Forfeiture Fund	District Attorney Special Fund	District Attorney Seizure Fund	Parmer County Attorney Pretrial Fund	County Clerk Trust Accounts	District Clerk Trust Accounts	Other Departments	Totals
<i>Assets</i>												
Cash	\$ 3,067	\$ 27,355	\$ 5,887	\$ 7,122	\$ 15,947	\$ 3,567	\$ 294,794	\$ 1,835	\$ 59,529	\$ 103,267	\$ 892,411	\$1,414,781
<i>Total assets</i>	<u>\$ 3,067</u>	<u>\$ 27,355</u>	<u>\$ 5,887</u>	<u>\$ 7,122</u>	<u>\$ 15,947</u>	<u>\$ 3,567</u>	<u>\$ 294,794</u>	<u>\$ 1,835</u>	<u>\$ 59,529</u>	<u>\$ 103,267</u>	<u>\$ 892,411</u>	<u>\$1,414,781</u>
<i>Liabilities</i>												
Due to others	\$ 3,067	\$ 27,355	\$ 5,887	\$ 7,122	\$ 15,947	\$ 3,567	\$ 294,794	\$ 1,835	\$ 59,529	\$ 103,267	\$ 843,968	\$1,366,338
Due to state	-	-	-	-	-	-	-	-	-	-	48,443	48,443
<i>Total liabilities</i>	<u>\$ 3,067</u>	<u>\$ 27,355</u>	<u>\$ 5,887</u>	<u>\$ 7,122</u>	<u>\$ 15,947</u>	<u>\$ 3,567</u>	<u>\$ 294,794</u>	<u>\$ 1,835</u>	<u>\$ 59,529</u>	<u>\$ 103,267</u>	<u>\$ 892,411</u>	<u>\$1,414,781</u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The authority of county governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and Vernon's Annotated Civil Statutes. Parmer County (County) operates under a county judge/commissioners' court type government as provided by state statute. The Commissioners' Court has governance responsibilities over all activities related to Parmer County, Texas. The County is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board ("GASB"), Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

The County provides the following services to its citizens: public safety, public transportation (roads and bridges), health and welfare, judicial and legal, and general and financial administrative services.

This summary of significant accounting policies of the County is presented to assist in the understanding of the County's financial statements. The financial statements and notes are the representation of the County's management who is responsible for their integrity and objectivity. The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Accounting Principles Board Opinions and Accounting Research Bulletins of the committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance in the government wide financial statements. The more significant of the County's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the County does not have any component units required to be reported under GASB Statements No. 14 and No. 39.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The County does not have any *business-type activities*.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis by column and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements of time, reimbursement and contingencies imposed by the provider are met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current calendar period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the County's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the County's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of County facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The County reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The County does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Under the requirements of GASB Statement No. 34, the County is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following:

The *General Fund* is the general operating fund of the County. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

The *Road and Bridge Fund* is a special revenue fund of the County. It is used to account for the expenditures of the four different precincts and for the highway and street expenditures.

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Additionally, the government reports the following nonmajor governmental fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Additionally, the government reports the following agency fund:

Fiduciary Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Formal budgetary accounting is not required for Fiduciary Funds. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated in the government-wide statements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions.

Budgets

The County follows these procedures in establishing budgetary data reflected in the financial statements:

The County's official budget was prepared and adopted by the County Commissioners' Court at a duly advertised public meeting prior to the expenditure of funds. It is maintained on the calendar year period and is originally prepared in July or August of the preceding year. Budgets are adopted for the general fund and most special revenue funds. All budget amendments are approved by the Commissioners' Court.

The budgeted amounts presented in these statements are as originally adopted, or as amended, by the Commissioners' Court during the year ended December 31, 2012.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in obligations of the U.S. Treasury or the State of Texas, Certificates of Deposit, certain Municipal Securities, Money Market Savings Accounts, repurchase agreements, bankers acceptances, mutual funds, investment pools, guaranteed investment contracts, and common trust funds.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Assets, Liabilities and Net Assets or Equity (continued)

Deposits and Investments - continued

The County is required by Governmental Code Chapter 2256, Public Funds Investment Act (PFIA), to adopt, implement, and publicize an investment policy. That policy must address the following areas: 1) safety or principal and liquidity, 2) portfolio diversification, 3) allowable investments, 4) acceptable risk levels, 5) expected rates of return, 6) maximum allowable state maturity of portfolio investments, 7) maximum average dollar weighted maturity allowed based on the stated maturity date for the portfolio, 8) investment staff quality and capabilities, and 9) bid solicitation preferences for certificates of deposit. All invested funds of the County properly followed State investments requirements as of December 31, 2012.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the calendar year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Property taxes are levied on October 1 in conformity with Subtitle E, Texas Property Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1. Property taxes attach as an enforceable lien as of January 1 to secure the payment of all taxes, penalties, and interest ultimately imposed. The Parmer County Appraisal District assesses and collects property taxes for the County. The County is permitted by the Municipal Finance Law of the State to levy taxes up to \$1.25 per \$100 of appraised valuation for general services, permanent improvements, lateral road, and jury fund purposes other than the payment of principal established by the Attorney General of the State of Texas. The tax rate for \$100 valuation is as follows:

	Fiscal Year Ending 12/31/2013	Fiscal Year Ending 12/31/2012
G.P.A.	0.3535	0.3460
Debt Tax	0.0305	0.0380
Farm to Market (F.M.)	0.0942	0.0942
	0.4782	0.4782

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded as revenue when levied net of estimated refunds and uncollectable amounts.

Restricted Assets

Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Assets, Liabilities and Net Assets or Equity (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capitalize assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at their historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are recorded as expenses and not capitalized. Renewals and betterments which materially extend the useful lives of the capital assets are capitalized.

Depreciable capital assets are depreciated using the straight-line method over the asset's estimated useful life as follows:

Buildings	40 years
Improvements other than buildings	5-20 years
Vehicles	3-10 years
Equipment	3-10 years

Accrued Expenses

Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through, but not yet paid, December 31, 2012, along with applicable Texas County and District retirement System (TCDRS), FICA and Medicare payable.

Deferred Revenue

There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is "unavailable revenue." Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. For bonds issued after GASB 34 was implemented, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. For fund financial reporting, bond premiums, discounts and issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as an other financing source, net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Assets, Liabilities and Net Assets or Equity (continued)

Fund Balance Classification Policies and Procedures

For committed fund balance, the County's highest level of decision-making authority is the Commissioner's Court. The formal action that is required to be taken to establish a fund balance commitment is the Commissioner's Court.

For assigned fund balance, the Commissioner's Court or an official body to which the Commissioner's Court delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the County considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the County considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Restricted and Committed Fund Balance

At December 31, 2012, the County has presented restricted fund balance on the governmental funds balance sheet in the amount of \$1,542,737 for various County operations as restricted by enabling legislation. The details of these fund balance items are located on the governmental funds balance sheet on page 22.

Minimum Fund Balance Policy

The County does not have a policy for maintaining a minimum amount of fund balance for operation.

Net Assets

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt: Net assets invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets: Consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets: All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2012

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets of the County are prepared prior to October 1 and must be approved by resolution of the Commissioner's Court. Once the budget has been formally approved, any amendments must also be approved by the Commissioner's Court. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over expend any budget in total at the fund level.

These budgets are prepared on the Non-GAAP cash budgetary basis. Budgetary basis expenditures exclude encumbrances. The budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been properly amended by Commissioner's Court in accordance with the above procedures.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended December 31, 2012 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

NOTE 3 - DEPOSITS AND INVESTMENTS

Statutes authorize the County to invest in 1) obligations of the U.S. Treasury of the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) money market savings accounts, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) common trust funds. The County is required by Governmental Code Chapter 2256, Public Funds Investment Act (PFIA), to adopt, implement, and publicize an investment policy. That policy must address the following areas: 1) safety or principal and liquidity, 2) portfolio diversification, 3) allowable investments, 4) acceptable risk levels, 5) expected rates of return, 6) maximum allowable state maturity of portfolio investments, 7) maximum average dollar weighted maturity allowed based on the stated maturity date for the portfolio, 8) investment staff quality and capabilities, and 9) bid solicitation preferences for certificates of deposit. All invested funds of the County properly followed State investments requirements as of December 31, 2012.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the County. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 100% of the deposit amount in excess of the deposit insurance.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2012

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Under the Transaction Account Guarantee Program (TAGP) in effect from July 1, 2010 to December 31, 2010, time deposits, savings deposits and interest bearing negotiable order of withdrawal (NOW) accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. The TAGP program expired on December 31, 2010. On November 9, 2010, the FDIC Board of Directors issued a final rule to implement the section of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides temporary unlimited coverage for noninterest-bearing transaction accounts in all FDIC-insured depository institutions. The separate coverage on noninterest-bearing transaction accounts became effective on December 31, 2010 and will terminate on December 31, 2012. From December 31, 2010 to December 31, 2012 accounts held by an official custodian for a government unit are insured as follows:

- Up to \$250,000 for the combined total of all time and savings deposits (including NOW accounts), and
- Unlimited coverage for noninterest-bearing transaction (demand deposit) accounts

Through December 31, 2012, there is no difference in deposit insurance coverage when an official custodian deposits money in-state or out-of-state.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. At December 31, 2012, \$3,822,100 of the County's bank balance of \$4,822,100 was exposed to custodial credit risk. Although the \$3,822,100 was uninsured, it was collateralized by collateral held by the pledging bank's trust department, not in the County's name. None of the County's deposits were uninsured and uncollateralized at December 31, 2012.

	<u>Mulshoe State Bank</u>	<u>Security State Bank</u>	<u>Total</u>
Amount of deposits	\$ 4,170,795	\$ 651,305	\$ 4,822,100
FDIC coverage	(500,000)	(500,000)	(1,000,000)
Total uninsured public funds	<u>3,670,795</u>	<u>151,305</u>	<u>3,822,100</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	<u>3,670,795</u>	<u>151,305</u>	<u>3,822,100</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50%)	\$ 1,835,398	\$ 75,653	\$ 1,911,051
Pledged securities	<u>3,855,161</u>	<u>2,755,053</u>	<u>6,610,214</u>
Over (under) collateralized	<u>\$ 2,019,763</u>	<u>\$ 2,679,400</u>	<u>\$ 4,699,163</u>

The types of collateral are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivisions of the State of Texas.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2012

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Investments

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the County. The investments in the Security State Bank - CD's represent 100% of the investment portfolio as of December 31, 2012. Since the County only purchases investments with the highest credit rating, the concentration is not viewed to be an additional risk by the County.

The County utilizes pooled accounts for some of their funds. The General, Special Revenue, and Agency Funds are all in multiple accounts. Separate accounts also exist for Sheriff's Office confiscation related funds, District Attorney's Office confiscation related funds and County Attorney forfeiture funds.

Primary Government

Reconciliation to the Statement of Net Assets

Cash and cash equivalents per Exhibit A-1	\$ 3,680,128	
Restricted cash and cash equivalents per Exhibit A-1	95,391	
Cash and cash equivalents per Exhibit D-1	<u>1,414,781</u>	
 Total cash and cash equivalents, and investments	 5,190,300	
Add: outstanding checks	64,495	
Less: deposits in transit and other items	<u>(432,695)</u>	
 Bank balance of deposits	 <u>\$ 4,822,100</u>	

NOTE 4 - RECEIVABLES

Receivables as of December 31, 2012, are as follows:

	General Fund	Debt Service Fund	Road and Bridge Funds	Total
Property taxes	\$ 1,767,893	\$ 236,543	\$ 488,734	\$ 2,493,170
Other receivables:				
Fines and fees	2,642,741	-	-	2,642,741
Less: allowance for doubtful accounts	<u>(2,405,304)</u>	<u>(11,790)</u>	<u>(25,550)</u>	<u>(2,442,644)</u>
 Total net receivables	 <u>\$ 2,005,330</u>	 <u>\$ 224,753</u>	 <u>\$ 463,184</u>	 <u>\$ 2,693,267</u>

The County maintains an allowance for doubtful accounts in the general fund for fines and fees and property taxes in the amounts of \$2,317,186 and \$88,118, respectively. The County maintains an allowance for doubtful accounts in the debt service funds for property taxes in the amounts of \$11,790. The County maintains an allowance for doubtful accounts in the road and bridge funds for property taxes in the amounts of \$25,550.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2012

NOTE 5 - CAPITAL ASSET ACTIVITY

The changes in Capital Assets for the year ended December 31, 2012 are as follows:

	Balance 12/31/11	Additions	Retirements	Balance 12/31/12
Nondepreciable Assets:				
Land (not depreciated)	\$ 43,472	\$ -	\$ -	\$ 43,472
Total Nondepreciable Assets	43,472	-	-	43,472
Depreciable Assets:				
Buildings & improvements	4,079,995	14,085	-	4,094,080
Other improvements	239,118	-	-	239,118
Machinery & Equipment	4,401,637	178,270	(124,536)	4,455,371
Total Depreciable Assets	8,720,750	192,355	(124,536)	8,788,569
Accumulated Depreciation	(3,083,789)	(520,291)	102,398	(3,501,682)
Governmental activities capital assets, net	<u>\$ 5,680,433</u>	<u>\$ (327,936)</u>	<u>\$ (22,138)</u>	<u>\$ 5,330,359</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities

General government	\$ 33,838
Public Safety	149,131
Road & Bridge	337,322
Total depreciation expense	<u>\$ 520,291</u>

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of changes in general long-term debt:

	Balance 12/31/11	Additions	Retirements	Balance 12/31/12	Due Within One Year
Land Notes	\$ 107,080	\$ -	\$ (18,996)	\$ 88,084	\$ 20,135
Equipment Notes	329,587	-	(165,898)	163,689	109,534
Certificates of Obligation	2,300,000	2,080,000	(2,150,000)	2,230,000	175,000
Total	<u>\$ 2,736,667</u>	<u>\$ 2,080,000</u>	<u>\$ (2,334,894)</u>	<u>\$ 2,481,773</u>	<u>\$ 304,669</u>

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2012

NOTE 6 - LONG-TERM OBLIGATIONS - continued

The following is a summary of debt service requirements for the Land Note:

Year	Principal	Interest	Total
2013	\$ 20,135	\$ 5,285	\$ 25,420
2014	21,343	4,077	25,420
2015	22,624	2,796	25,420
2016	23,982	1,439	25,421
Total	<u>\$ 88,084</u>	<u>\$ 13,597</u>	<u>\$ 101,681</u>

The following is a summary of debt service requirements for the Certificates of Obligation:

Year	Principal	Interest	Total
2013	\$ 175,000	\$ 50,263	\$ 225,263
2014	180,000	44,775	224,775
2015	190,000	41,075	231,075
2016	190,000	37,275	227,275
2017	205,000	33,325	238,325
2018-2022	1,060,000	96,138	1,156,138
2023-2027	230,000	2,875	232,875
Total	<u>\$ 2,230,000</u>	<u>\$ 305,726</u>	<u>\$ 2,535,726</u>

The following is a summary of debt service requirements for the Equipment Notes:

Year	Principal	Interest	Total
2013	\$ 109,534	\$ 5,045	\$ 114,579
2014	54,155	1,564	55,719
Total	<u>\$ 163,689</u>	<u>\$ 6,609</u>	<u>\$ 170,298</u>

Land Note

Road and Bridge Precinct #3 borrowed \$125,000 from Nathan and Fern Tharp for the purpose of acquiring 3.76 acres of land and a barn. Principle and interest payments are due annually on January 15th, maturing in January 2016. This is a 6.0% interest note. The outstanding balance at December 31, 2012 was \$88,084.

Certificates of Obligation

On February 23, 2012, the County entered into a limited tax refunding bond series 2012 in the amount of \$2,080,000 due in annual installments on February 15th, with interest rates of 2.0% to 2.5% paid semiannually on February 15th and August 15th through February 2023. The balance at December 31, 2012 is \$2,230,000.

The County issued the limited tax refunding bond to advance refund \$2,005,000 of the outstanding Certificates of Obligation series 2003 with a 4.75% interest rate, along with the costs of issuance. The bond constitutes a direct obligation of the County and will be paid from the levy and collection of direct and continuing ad valorem taxes levied. As a result, that portion of the 2003 series bonds is considered defeased, and the County has removed the liability from its accounts (except the \$150,000 portion from the County in 2013). The outstanding principal of the defeased bonds is \$2,005,000 at December 31, 2012.

The advance refunding reduced total debt service payments over the next 11 years by \$243,338. This results in an economic gain of \$220,842.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2012

NOTE 6 - LONG-TERM OBLIGATIONS - continued

Equipment Notes

Road and Bridge Precinct #1 borrowed \$72,510 from Welch State Bank for the purpose of acquiring a Motorgrader. Principle and interest payments are due annually. This is a 3.28% percent interest note. This note was paid in full as of December 31, 2012.

Road and Bridge Precinct #1 borrowed \$72,515 from Welch State Bank for the purpose of acquiring a Motorgrader. Principle and interest payments are due annually. The note matures in 2013. This is a 3.45% percent interest note. The outstanding balance at December 31, 2012 was \$25,000.

Road and Bridge Precinct #2 borrowed \$55,015 from Welch State Bank for the purpose of acquiring a Motorgrader. Principle and interest payments are due annually. The note matures in 2013. This is a 3.45% percent interest note. The outstanding balance at December 31, 2012 was \$18,974.

Road and Bridge Precinct #3 borrowed \$52,700 from Welch State Bank for the purpose of acquiring a Motorgrader. Principle and interest payments are due annually. This is a 3.45% percent interest note. This note was paid in full as of December 31, 2012.

Road and Bridge Precinct #4 borrowed \$37,515 from Welch State Bank for the purpose of acquiring a Motorgrader. Principle and interest payments are due annually. The note matures in 2013. This is a 3.45% percent interest note. The outstanding balance at December 31, 2012 was \$12,933.

Road and Bridge Precinct #2 borrowed \$81,315 from Security State Bank for the purpose of acquiring a Motorgrader. Principle and interest payments are due annually. The note matures in 2014. This is a 2.89% percent interest note. The outstanding balance at December 31, 2012 was \$54,988.

Road and Bridge Precinct #1 borrowed \$38,305 from Security State Bank for the purpose of acquiring a Backhoe Loader. Principle and interest payments are due annually. The note matures in 2014. This is a 2.88% percent interest note. The outstanding balance at December 31, 2012 was \$25,897.

Road and Bridge Precinct #2 borrowed \$38,305 from Security State Bank for the purpose of acquiring a Backhoe Loader. Principle and interest payments are due annually. The note matures in 2014. This is a 2.88% percent interest note. The outstanding balance at December 31, 2012 was \$25,897.

NOTE 7 - RETIREMENT PLAN

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 618 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2012

NOTE 7 - RETIREMENT PLAN - continued

Plan Description - continued

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 8.65% for calendar year 2012. The contribution rate payable by the employee members for calendar year 2012 was the rate of 7.0% as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost

For the County's accounting years ending December 31, 2012 and 2011 the annual pension cost for the TCDRS plan for its employees was \$159,172 and \$145,872, and the actual employee contributions were \$128,810 and \$122,581, respectively.

The required contribution was determined as part of the December 31, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2011 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year-period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2011 was 20 years.

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was 83.36 percent funded. The actuarial accrued liability for benefits was \$4,229,352, and the actuarial value of assets was \$3,525,534, resulting in an unfunded (or overfunded) actuarial accrued liability (UAAL) (or OAAL) of \$703,818. The covered payroll (annual payroll of active employees covered by the plan) was \$1,945,287, and the ratio of the UAAL (or OAAL) to the covered payroll was 38.18 percent.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2012

NOTE 7 - RETIREMENT PLAN - continued

The schedule of funding progress, presented as Required Supplementary Information (RSI) presented in the next few pages, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

<u>GASB 27 Calculation Information</u>	<u>2011*</u>	<u>2012*</u>
GASB 27 compliant contribution rate	8.33%	8.65%
Assumed return on employer funds**	9.00%	9.00%
Actuarial amortization factor	12.4298	12.4298
Contribution rate	8.33%	8.65%

<u>Actuarial Information</u>		12/31/2009	12/31/2010	12/31/2011
Actuarial valuation date	12/31/2009		12/31/2010	12/31/2011
Actuarial cost method	entry age		entry age	entry age
Amortization method	level percentage of payroll, closed		level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20.0		20.0	20.0
Asset valuation method				
Subdivision Accumulation Fund	10-yr smoothed value		10-yr smoothed value	10-yr smoothed value
Employees Saving Fund	Fund value		Fund value	Fund value
Assumptions:				
Investment return**	8.0%		8.0%	8.0%
Projected salary increases**	5.4%		5.4%	5.4%
Inflation	3.5%		3.5%	3.5%
Cost-of-living adjustments	0.0%		0.0%	0.0%

**Includes inflation at the stated rate

Trend Information for the Retirement Plan for the Employees of Parmer County

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
December 31, 2012	159,172	100%	-
December 31, 2011	145,872	100%	-
December 31, 2010	140,721	100%	-

Schedule of Funding Information

	12/31/2009	12/31/2010	12/31/2011
Actuarial valuation date			
Actuarial value of assets	3,406,109	3,411,076	3,525,534
Actuarial accrued liability (AAL)	4,031,415	4,097,385	4,229,352
Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)]	625,306	686,309	703,818
Funded ratio	84.49%	83.25%	83.36%
Annual covered payroll (actuarial)	1,764,705	1,847,153	1,945,287
UAAL or (OAAL) as percentage of covered payroll	35.43%	37.16%	36.18%

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2012

NOTE 7 - RETIREMENT PLAN - continued

Note Disclosure Variables

Plan Description	2011*	2012*
Number of participating employers	618	624
Years required for vesting and retirement at age 60	8	8
Rule of ___ for retirement eligibility	80	80
Service years for retirement at any age	30	30
Partial lump-sum payment option	No	No
Funding Policy		
Contribution rate for employer	8.33%	8.65%
Deposit rate for employees	7.00%	7.00%
Other		
Elected rate in effect	No	No

* Relates to the calendar year

NOTE 8 - INTERFUND TRANSFERS

Transfers within the County are for the purposes of subsidizing operating functions on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs. Interfund transfers are transactions between funds transferring funds out of one fund to support the operations of another fund.

Transfers In	Transfer Out	Amount
General Fund	R.O.W. Fund	\$ 235,000
General Fund	State Fees Fund	40,000
Road & Bridge Fund	R.O.W. Fund	120,000
		\$ 395,000

NOTE 9 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. During calendar year 2012, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past calendar year and there were no settlements exceeding insurance coverage for each of the past three calendar years.

NOTE 10 - OPERATING LEASE - LESSOR

The County has entered into an oil and gas lease with Pioneer Natural Resources Purchasing. This lease covers 100% of the county's unleased minerals in leagues 315, 316 and 317. The lease proceeds for 2012 were \$121,260 which were deposited into the Parmer County Permanent School Fund. Both the Permanent and Available School Funds are considered agency funds. Therefore, these funds are being held for the benefit of a third party and cannot be used to address activities or obligations of the government. The lease proposal will also bring a 20% annual royalty.

NOTE 11 - COMMITMENTS

The County does not have any significant construction or other significant commitments as of December 31, 2012.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2012

NOTE 12 - SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2012, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is June 21, 2013, which is the date on which the financial statements were issued.

NOTE 13 - CONCENTRATIONS

The County depends on financial resources flowing from, or associated with, both the constituents of the County and the State of Texas. Because of this dependency, the County is subject to changes in the specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

NOTE 14 - FUND BALANCE RESTATEMENT

The County has restated net assets in the general fund in the amount of \$104,940 for an omission of restricted amounts that were previously reported as liabilities.

NOTE 15 - SUBSEQUENT PRONOUNCEMENTS

In November 2010, GASB Statement No. 61 The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34 was issued, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The standard is expected to have no effect on the County in upcoming years.

In June 2011, GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position was issued, Effective Date: The provisions of Statement 63 are effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged. The standard is expected to have no effect on the County in upcoming years.

In March 2012, Statement No. 65 Items Previously Reported as Assets and Liabilities was issued, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented for year ending December 30, 2013.

In March 2012, Statement No. 66 Technical Corrections-2012—an amendment of GASB Statements No. 10 and No.62 was issued, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard is expected to have no effect on the County in

In June 2012, Statement No. 67 Financial Reporting for Pension Plans—an amendment of GASB Statements No. 25 was issued, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The standard is expected to have no effect on the County in upcoming

In June 2012, Statement No. 68 Accounting and Financial Reporting for Pensions—an amendment of GASB Statements No. 27 was issued, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The standard is expected to have no effect on the County in upcoming years.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

STATE OF TEXAS
Parmer County
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2012

Statement A-1

	Special Revenue					Total Nonmajor Governmental Funds
	Jury Fund	R.O.W. Fund	Permanent Improvement Fund	Parmer County Forfeiture Fund	State Fees Fund	
<i>Assets</i>						
Cash and cash equivalents	\$ 116,313	\$ 166,357	\$ 74,117	\$ 41,775	\$ 95,391	\$ 493,953
Total assets	\$ 116,313	\$ 166,357	\$ 74,117	\$ 41,775	\$ 95,391	\$ 493,953
<i>Liabilities</i>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 41,763	\$ 41,763
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	41,763	41,763
<i>Fund balances</i>						
Restricted for:						
General county operations	-	-	74,117	-	94	74,211
Maintenance of roads	-	166,357	-	-	-	166,357
Judicial	116,313	-	-	-	53,534	169,847
Public safety	-	-	-	41,775	-	41,775
Unassigned	-	-	-	-	-	-
Total fund balances	116,313	166,357	74,117	41,775	53,628	452,190
Total liabilities and fund balances	\$ 116,313	\$ 166,357	\$ 74,117	\$ 41,775	\$ 95,391	\$ 493,953

The accompanying notes are an integral part of these financial statements

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STATE OF TEXAS
Parmer County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2012

Statement A-2

	Special Revenue					Total Nonmajor Governmental Funds
	Jury Fund	R.O.W. Fund	Permanent Improvement Fund	Parmer County Forfeiture Fund	State Fees Fund	
<i>Revenues:</i>						
Taxes:						
Property	\$ 26,319	\$ 375,640	\$ 26,319	\$ -	\$ -	\$ 428,278
Fines, forfeitures and settlements	-	-	-	2,037	150,750	152,787
Investment income	1,072	2,460	689	426	899	5,546
Miscellaneous	3,156	-	-	-	-	3,156
<i>Total revenues</i>	<u>30,547</u>	<u>378,100</u>	<u>27,008</u>	<u>2,463</u>	<u>151,649</u>	<u>589,767</u>
<i>Expenditures:</i>						
Current:						
General government	-	-	-	-	-	-
Judicial	11,528	-	-	-	146,312	157,840
Public safety	-	-	-	723	-	723
Capital outlay	-	-	14,085	25,900	-	39,985
<i>Total expenditures</i>	<u>11,528</u>	<u>-</u>	<u>14,085</u>	<u>26,623</u>	<u>146,312</u>	<u>198,548</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>19,019</u>	<u>378,100</u>	<u>12,923</u>	<u>(24,160)</u>	<u>5,337</u>	<u>391,219</u>
<i>Other financing sources (uses)</i>						
Proceeds from sale of equipment	-	-	-	7,500	-	7,500
Transfers in	-	-	-	-	-	-
Transfers (out)	-	(355,000)	-	-	(40,000)	(395,000)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(355,000)</u>	<u>-</u>	<u>7,500</u>	<u>(40,000)</u>	<u>(387,500)</u>
<i>Net change in fund balances</i>	19,019	23,100	12,923	(16,660)	(34,663)	3,719
<i>Fund balances - beginning of year</i>	97,294	143,257	61,194	58,435	88,291	448,471
<i>Fund balances - end of year</i>	<u>\$ 116,313</u>	<u>\$ 166,357</u>	<u>\$ 74,117</u>	<u>\$ 41,775</u>	<u>\$ 53,628</u>	<u>\$ 452,190</u>

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

STATE OF TEXAS

Schedule I

Parmer County

Jury Fund Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
Taxes:				
Property	\$ 24,899	\$ 24,899	\$ 26,319	\$ 1,420
Fines, forfeitures and settlements	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	1,000	1,000	1,072	72
Miscellaneous	-	-	3,156	3,156
Total revenues	<u>25,899</u>	<u>25,899</u>	<u>30,547</u>	<u>4,648</u>
Expenditures:				
Current:				
General government	-	-	-	-
Judicial	19,200	19,200	11,528	7,672
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>19,200</u>	<u>19,200</u>	<u>11,528</u>	<u>7,672</u>
Excess (deficiency) of revenues over expenditures	<u>6,699</u>	<u>6,699</u>	<u>19,019</u>	<u>12,320</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(6,699)	(6,699)	-	6,699
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>(6,699)</u>	<u>(6,699)</u>	<u>-</u>	<u>6,699</u>
Net change in fund balance	-	-	19,019	19,019
Fund balance - beginning of year	-	-	97,294	97,294
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,313</u>	<u>\$ 116,313</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 19,019
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 19,019</u>

See accompanying independent auditor's report

STATE OF TEXAS

Schedule II

Parmer County

R.O.W. Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
Taxes:				
Property	\$ 355,380	\$ 355,380	\$ 375,640	\$ 20,260
Fines, forfeitures and settlements	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	400	400	2,460	2,060
Miscellaneous	-	-	-	-
Total revenues	355,780	355,780	378,100	22,320
Expenditures:				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	355,780	355,780	378,100	22,320
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(780)	(780)	-	780
Transfers in	-	-	-	-
Transfers (out)	(355,000)	(355,000)	(355,000)	-
Total other financing sources (uses)	(355,780)	(355,780)	(355,000)	780
Net change in fund balance	-	-	23,100	23,100
Fund balance - beginning of year	-	-	143,257	143,257
Fund balance - end of year	\$ -	\$ -	\$ 166,357	\$ 166,357
Net change in fund balance (non-GAAP budgetary basis)				\$ 23,100
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				\$ 23,100

See accompanying independent auditor's report

STATE OF TEXAS

Schedule III

Parmer County

Permanent Improvement Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 24,899	\$ 24,899	\$ 26,319	\$ 1,420
Fines, forfeitures and settlements	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	550	550	689	139
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>25,449</u>	<u>25,449</u>	<u>27,008</u>	<u>1,559</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	15,000	15,000	14,085	915
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>15,000</u>	<u>15,000</u>	<u>14,085</u>	<u>915</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>10,449</u>	<u>10,449</u>	<u>12,923</u>	<u>2,474</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(10,449)	(10,449)	-	10,449
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(10,449)</u>	<u>(10,449)</u>	<u>-</u>	<u>10,449</u>
<i>Net change in fund balance</i>	-	-	12,923	12,923
<i>Fund balance - beginning of year</i>	-	-	61,194	61,194
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,117</u>	<u>\$ 74,117</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 12,923
No adjustments to revenue				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 12,923</u>

See accompanying independent auditor's report

STATE OF TEXAS
Parmer County
Parmer County Forfeiture Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2012

Schedule IV

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures and settlements	-	2,037	2,037	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	426	426	-
Total revenues	-	2,463	2,463	-
Expenditures:				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	19,123	19,123	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	19,123	19,123	-
Excess (deficiency) of revenues over expenditures	-	(16,660)	(16,660)	-
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	16,660	-	(16,660)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	16,660	-	(16,660)
Net change in fund balance	-	-	(16,660)	(16,660)
Fund balance - beginning of year	-	-	58,435	58,435
Fund balance - end of year	\$ -	\$ -	\$ 41,775	\$ 41,775
Net change in fund balance (non-GAAP budgetary basis)				\$ (16,660)
Adjustment to revenue for non-cash asset trade				7,500
Adjustments to expenditures				(7,500)
Net change in fund balance (GAAP)				\$ (16,660)

See accompanying independent auditor's report

STATE OF TEXAS

Schedule V

Parmer County

State Fees Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures and settlements	-	-	150,750	150,750
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	899	899
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>151,649</u>	<u>151,649</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	151,771	(151,771)
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>151,771</u>	<u>(151,771)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(122)</u>	<u>(122)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	(40,000)	(40,000)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>(40,000)</u>
<i>Net change in fund balance</i>	-	-	(40,122)	(40,122)
<i>Fund balance - beginning of year</i>	-	-	135,513	135,513
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,391</u>	<u>\$ 95,391</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (40,122)
No adjustments to revenue				-
Adjustments for accounts payable				5,459
Net change in fund balance (GAAP)				<u>\$ (34,663)</u>

See accompanying independent auditor's report

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STATE OF TEXAS

Parmer County

Debt Service Fund

Schedule VI

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 248,600	\$ 248,600	\$ 246,083	\$ (2,517)
Investment income	600	600	8,360	7,760
<i>Total revenues</i>	<u>249,200</u>	<u>249,200</u>	<u>254,443</u>	<u>5,243</u>
<i>Expenditures:</i>				
Debt service:				
Principal	145,000	145,000	145,000	-
Interest	105,806	105,806	102,348	3,458
Administration fee	500	500	500	-
<i>Total expenditures</i>	<u>251,306</u>	<u>251,306</u>	<u>247,848</u>	<u>3,458</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,106)</u>	<u>(2,106)</u>	<u>6,595</u>	<u>8,701</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,106	2,106	-	(2,106)
Proceeds from long term debt	-	-	2,080,000	2,080,000
Bond premium	-	-	92,757	92,757
Payment to refunded bond escrow agent	-	-	(2,005,000)	(2,005,000)
Bond issuance cost	-	-	(167,757)	(167,757)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,106</u>	<u>2,106</u>	<u>-</u>	<u>(2,106)</u>
<i>Net change in fund balance</i>	-	-	6,595	6,595
<i>Fund balance - beginning of year</i>	-	-	181,189	181,189
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,784</u>	<u>\$ 187,784</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 6,595
Adjustments to revenue for taxes receivable				76,853
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 83,448</u>

See accompanying independent auditor's report

STATE OF TEXAS

Parmer County

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended December 31, 2012

Schedule VII

Page 1 of 2

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
JUVENILE PROBATION FUND				
<i>Assets</i>				
Cash and cash investments	\$ 2,764	\$ 303	\$ -	\$ 3,067
<i>Total assets</i>	<u>\$ 2,764</u>	<u>\$ 303</u>	<u>\$ -</u>	<u>\$ 3,067</u>
<i>Liabilities</i>				
Due to others	\$ 2,764	\$ 303	\$ -	\$ 3,067
<i>Total liabilities</i>	<u>\$ 2,764</u>	<u>\$ 303</u>	<u>\$ -</u>	<u>\$ 3,067</u>
COUNTY ATTORNEY CHECK COLLECTION				
<i>Assets</i>				
Cash and cash investments	\$ 24,175	\$ 18,064	\$ 14,884	\$ 27,355
<i>Total assets</i>	<u>\$ 24,175</u>	<u>\$ 18,064</u>	<u>\$ 14,884</u>	<u>\$ 27,355</u>
<i>Liabilities</i>				
Due to others	\$ 24,175	\$ 18,064	\$ 14,884	\$ 27,355
<i>Total liabilities</i>	<u>\$ 24,175</u>	<u>\$ 18,064</u>	<u>\$ 14,884</u>	<u>\$ 27,355</u>
DISTRICT ATTORNEY CHECK COLLECTION				
<i>Assets</i>				
Cash and cash investments	\$ 8,862	\$ 18,707	\$ 21,682	\$ 5,887
<i>Total assets</i>	<u>\$ 8,862</u>	<u>\$ 18,707</u>	<u>\$ 21,682</u>	<u>\$ 5,887</u>
<i>Liabilities</i>				
Due to others	\$ 8,862	\$ 18,707	\$ 21,682	\$ 5,887
<i>Total liabilities</i>	<u>\$ 8,862</u>	<u>\$ 18,707</u>	<u>\$ 21,682</u>	<u>\$ 5,887</u>
COUNTY ATTORNEY FORFEITURE FUND				
<i>Assets</i>				
Cash and cash investments	\$ 7,050	\$ 72	\$ -	\$ 7,122
<i>Total assets</i>	<u>\$ 7,050</u>	<u>\$ 72</u>	<u>\$ -</u>	<u>\$ 7,122</u>
<i>Liabilities</i>				
Due to others	\$ 7,050	\$ 72	\$ -	\$ 7,122
<i>Total liabilities</i>	<u>\$ 7,050</u>	<u>\$ 72</u>	<u>\$ -</u>	<u>\$ 7,122</u>
DISTRICT ATTORNEY FORFEITURE FUND				
<i>Assets</i>				
Cash and cash investments	\$ 19,235	\$ 13,647	\$ 16,935	\$ 15,947
<i>Total assets</i>	<u>\$ 19,235</u>	<u>\$ 13,647</u>	<u>\$ 16,935</u>	<u>\$ 15,947</u>
<i>Liabilities</i>				
Due to others	\$ 19,235	\$ 13,647	\$ 16,935	\$ 15,947
<i>Total liabilities</i>	<u>\$ 19,235</u>	<u>\$ 13,647</u>	<u>\$ 16,935</u>	<u>\$ 15,947</u>
DISTRICT ATTORNEY SPECIAL FUND				
<i>Assets</i>				
Cash and cash investments	\$ 3,522	\$ 36,712	\$ 36,667	\$ 3,567
<i>Total assets</i>	<u>\$ 3,522</u>	<u>\$ 36,712</u>	<u>\$ 36,667</u>	<u>\$ 3,567</u>
<i>Liabilities</i>				
Due to others	\$ 3,522	\$ 36,712	\$ 36,667	\$ 3,567
<i>Total liabilities</i>	<u>\$ 3,522</u>	<u>\$ 36,712</u>	<u>\$ 36,667</u>	<u>\$ 3,567</u>

See accompanying independent auditor's report

STATE OF TEXAS
Parmer County
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended December 31, 2012

Schedule VII
Page 2 of 2

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
DISTRICT ATTORNEY SEIZURE FUND				
<i>Assets</i>				
Cash and cash investments	\$ -	\$ 301,172	\$ 6,378	\$ 294,794
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 301,172</u>	<u>\$ 6,378</u>	<u>\$ 294,794</u>
<i>Liabilities</i>				
Due to others	\$ -	\$ 301,172	\$ 6,378	\$ 294,794
<i>Total liabilities</i>	<u>\$ -</u>	<u>\$ 301,172</u>	<u>\$ 6,378</u>	<u>\$ 294,794</u>
PARMER COUNTY ATTNY PRETRIAL FUND				
<i>Assets</i>				
Cash and cash investments	\$ 1,463	\$ 11,779	\$ 11,407	\$ 1,835
<i>Total assets</i>	<u>\$ 1,463</u>	<u>\$ 11,779</u>	<u>\$ 11,407</u>	<u>\$ 1,835</u>
<i>Liabilities</i>				
Due to others	\$ 1,463	\$ 11,779	\$ 11,407	\$ 1,835
<i>Total liabilities</i>	<u>\$ 1,463</u>	<u>\$ 11,779</u>	<u>\$ 11,407</u>	<u>\$ 1,835</u>
COUNTY CLERK TRUST ACCOUNTS				
<i>Assets</i>				
Cash and cash investments	\$ 23,456	\$ 36,073	\$ -	\$ 59,529
<i>Total assets</i>	<u>\$ 23,456</u>	<u>\$ 36,073</u>	<u>\$ -</u>	<u>\$ 59,529</u>
<i>Liabilities</i>				
Due to others	\$ 23,456	\$ 36,073	\$ -	\$ 59,529
<i>Total liabilities</i>	<u>\$ 23,456</u>	<u>\$ 36,073</u>	<u>\$ -</u>	<u>\$ 59,529</u>
DISTRICT CLERK TRUST ACCOUNTS				
<i>Assets</i>				
Cash and cash investments	\$ 176,617	\$ 39,454	\$ 112,804	\$ 103,267
<i>Total assets</i>	<u>\$ 176,617</u>	<u>\$ 39,454</u>	<u>\$ 112,804</u>	<u>\$ 103,267</u>
<i>Liabilities</i>				
Due to others	\$ 176,617	\$ 39,454	\$ 112,804	\$ 103,267
<i>Total liabilities</i>	<u>\$ 176,617</u>	<u>\$ 39,454</u>	<u>\$ 112,804</u>	<u>\$ 103,267</u>
OTHER DEPARTMENTS				
<i>Assets</i>				
Cash and cash investments	\$ 855,291	\$ 446,281	\$ 409,161	\$ 892,411
<i>Total assets</i>	<u>\$ 855,291</u>	<u>\$ 446,281</u>	<u>\$ 409,161</u>	<u>\$ 892,411</u>
<i>Liabilities</i>				
Due to others	\$ 790,317	\$ 446,281	\$ 392,630	\$ 843,968
Due to state	64,974	-	16,531	48,443
<i>Total liabilities</i>	<u>\$ 855,291</u>	<u>\$ 446,281</u>	<u>\$ 409,161</u>	<u>\$ 892,411</u>
TOTAL ALL AGENCY FUNDS				
<i>Assets</i>				
Cash and cash investments	\$ 1,122,435	\$ 922,264	\$ 629,918	\$ 1,414,781
<i>Total assets</i>	<u>\$ 1,122,435</u>	<u>\$ 922,264</u>	<u>\$ 629,918</u>	<u>\$ 1,414,781</u>
<i>Liabilities</i>				
Due to others	\$ 1,057,461	\$ 922,264	\$ 613,387	\$ 1,366,338
Due to state	64,974	-	16,531	48,443
<i>Total liabilities</i>	<u>\$ 1,122,435</u>	<u>\$ 922,264</u>	<u>\$ 629,918</u>	<u>\$ 1,414,781</u>

See accompanying independent auditor's report